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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

2006 OCT 30 P 12:17

JEFF HATCH-MILLER - CHAIRMAN
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE FILING BY TUCSON
ELECTRIC POWER COMPANY TO AMEND
DECISION NO. 62103.

DOCKET NO. E-01933A-05-0650

**TUCSON ELECTRIC POWER
COMPANY'S RESPONSE TO
STAFF'S MOTION FOR AN
EXTENSION OF TIME**

Tucson Electric Power Company, Inc. ("TEP" or "Company"), through undersigned counsel, hereby responds to Staff's Motion for an Extension of Time dated October 20, 2006 (the "Motion"). The Motion seeks an extension for Staff to file its testimony to January 12, 2007 with "subsequent dates to be modified accordingly." TEP opposes Staff's request.

Staff's extension request comes less than two weeks after the Administrative Law Judge issued a Procedural Order (October 10, 2006) that extended the time for Staff to file its direct testimony from November 17, 2006 to December 22, 2006, and rescheduled the hearing from January 8, 2006 to February 20, 2006. Staff is now requesting further delay "because it appears that senior Staff members will likely be involved in Arizona Public Service Company's ("APS") rate proceedings" and "matters related to Palo Verde Nuclear Generating Station have been segregated from the present APS procedural schedule and will be set for hearing . . . sometime in December."

TEP does not support any further delay in the Procedural Schedule in this case. The parties have long known that the APS rate case was scheduled to start on October 10, 2006, and that the case would take months to complete. The review of the Palo Verde outage has also been

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1 a constant part of the APS case and at this point should not create an unexpected conflict with
2 this proceeding.

3 The original procedural schedule took the APS rate case into account in requiring that
4 TEP file its direct testimony on August 18, 2006 and then giving Staff three months to review
5 and respond to TEP's testimony. The original deadline of November 17, 2006 gave Staff and
6 other parties ample time to prepare and file their direct testimony. The parties now have until
7 December 22, 2006 to prepare and file their direct testimony under the new procedural schedule.
8 Simply put, nothing new or unexpected has occurred in the APS rate case that would justify
9 delaying this case further to allow Staff more time to evaluate and respond to testimony that it
10 has had since August 2006.

11 TEP has been urging the Commission to issue an order on the 1999 Settlement
12 Agreement and the effect of Decision No. 62103 since 2005. TEP has repeatedly requested that
13 the issues concerning its generation service rates beginning in 2009 must be determined as soon
14 as possible. Moreover, when the Commission issued Decision No. 68669 (April 20, 2006) which
15 reopened Decision No. 62103, it expressly found that it was in the public interest to the resolve
16 the issues surrounding the 1999 Settlement Agreement "as soon as possible" and that the
17 schedule should allow for an "expeditious" review of the issues. [See Decision No. 68669 at pp.
18 10-12, Findings of Fact 42, 45 and 48.] This was specifically referred to in the October 10, 2006
19 Procedural Order. And indeed, this case should be resolved as expeditiously as possible because
20 the issues presented by this case are critical to TEP, its customers, and shareholders. Any delay
21 in the hearing schedule could adversely affect both TEP and its customers.

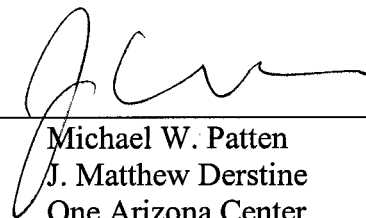
22 TEP respectfully requests that Staff's Motion should be denied and this case move
23 forward under the procedural schedule established in the October 10, 2006 Procedural Order.
24 However, in the event that Staff's Motion is granted and this case is delayed because of Staff's
25 involvement with the APS rate case, TEP requests that once rescheduled, this case should then
26 move forward to decision without further delay and be given the same priority and importance as
27 other matters referenced by Staff as the cause for its request for delay.

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RESPECTFULLY SUBMITTED this 30th day of October 2006.

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